

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

FACT SHEET

APPROVAL TO EXTEND CONTRACT TERMS OF 26 LEGAL ENTITY AGREEMENTS (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

Request approval of a month-to-month extension, not to exceed six months, in lieu of the standard three-year renewal, for 26 Legal Entity Agreements in order to finalize the Mental Health Services Act transformation process.

REQUEST

1. Approve a month-to-month contract extension amendment for 26 Legal Entity (LE) agreements which will expire June 30, 2008.
2. Delegate authority to the Director of Mental Health, or his designee, to enter into future amendments with each subject contractor provided that: 1) the County's total payments to a contractor will not exceed 20% increase from the applicable Board approved Maximum Contract Amount (MCA) and the Institution for Mental Diseases (IMD) per diem rate increase does not exceed the State directive rate; 2) any such increase will be used to provide additional services or to reflect program and/or policy changes; 3) Board has appropriated sufficient funds; 4) prior approval from County Counsel and the Chief Executive Officer (CEO) is obtained; 5) County and contractor may, by written amendments, reduce programs or services and revise the applicable MCA, where such reductions are consistent with the principles agreed to in the Department of Mental Health (DMH) stakeholders'; and 6) the Director of Mental Health will notify the Board of executed amendment changes in writing within 90 days.

PURPOSE/JUSTIFICATION

Board approval to extend the contract terms of the 26 LE agreements is necessary for the continuous and uninterrupted provision of mental health services to the mentally ill population. Due to projected Vehicle License Fees shortfalls and flat Realignment funding, the Department is planning services and budget reductions. Concurrently, DMH is experiencing growth in Mental Health Services Act (MHSA) programs. To seek optimum resource allocation, the Department is in the process of assisting DMH LE contractors to mitigate the impact of curtailment by offering them the opportunity to

transform / or expand MHSA-reimbursable services. The month-to-month extension will allow the Department time to finalize its MHSA transformation process.

BACKGROUND

Month-to Month Extension of 26 LE Agreements:

These 26 LE agreements will expire on June 30, 2008. The total budget for these agreements is \$111,848,400, which will be funded by State Revenues, Federal Revenue, Intrafund Transfers and NCC/Sales Tax Realignment. Board approval will extend the contract terms on a month-to-month basis up to six months. The extension is necessary for the continuous and uninterrupted service provisions to the mentally ill population. After the MHSA transformation process is complete, the Department will request a standard three-year renewal.

IMD Contract (4.7 Rate Increase):

On January 25, 2006 the California Department of Mental Health issued a directive to counties to initiate a rate increase for Medi-Cal nursing facilities that provide long-term care as IMDs, by 6.5 percent annually, effective July 1, 2005, through June 30, 2008 and 4.7 percent annually, effective July 1, 2008 and ongoing. On May 2, 2006, your Board approved DMH's rate increase amendments to nine (9) existing LE Agreements with IMD contractors. One of these IMD contracts, SunBridge Braswell Enterprises, Inc. is expiring June 30, and will be extended by this action with a 4.7 percent annual rate increase for FY 2008-09.

Provisions/Legal Requirements:

The attached amendment format has been approved as to form by County Counsel. The CEO has reviewed the proposed actions. DMH Clinical and administrative staff will continue to administer and monitor contractors' adherences to the agreements, evaluate programs to ensure that quality services are being provided to clients, and ensure that Agreement provisions and Departmental policies are being followed.

Attachments (2):

Attachment I list the 26 LE contractors, types of services provided, FY 2008-09 initial MCA and respective Supervisorial Districts.

Attachment II is the month-to-month extension amendment format.

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APPROVED BY:

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